

RUTHERFORD COUNTY BENEFITS & INSURANCE COMMITTEE
JANUARY 24, 2013 COURTHOUSE

MINUTES

MEMBERS PRESENT:

MERRY HICKERSON
ELIZABETH CRACE
PAULA BARNES
DONNA ANDREWS
DONNIE HESTER
WILL JORDAN
SUSAN BONEY
JOE RUSSELL
REGINA HARVEY
VIRGIL GAMMON
JOYCE EALY
ALLEN MCADOO
MAYOR BURGESS

OTHERS PRESENT:

MELISSA STINSON
EVELYN ANDERSON
DAN GOODE
SONYA STEPHENSON
KELLI PERRIEN
MARY ASHERBRANNER
PAUL HUFFMAN
LORI CREWS

APPROVE MINUTES:

A motion was made by Susan Boney to approve the minutes from the last Benefits & Insurance Committee meeting on December 6, 2012. The motion was seconded by Merry Hickerson and passed unanimously.

FINANCIALS:

Risk Management Director, Melissa Stinson reviewed the insurance fund for medical, dental, and vision (264). The PEPM for December was \$838.70, compared to \$741.06 last December. The year to date average is \$863.81 compared to \$825.91 last year at this time. Adding the on-site medical clinics changed the PEPM to \$873.56, compared to prior year \$769.86. The year to date average is \$896.79, with prior year \$824.93 (4.8% upward).

Ms. Stinson reviewed the 2012 premium needs report that was presented to the Committee in March 2011. The process of setting rates is done about 6 months prior to the beginning of the fiscal year. Based on the actuarial review of our plan, the projected premium requirement was \$48,285,451. The Committee voted not to pass an increase in premium for 2012, the resulting contribution in premium was \$46,667,119. When there is no rate increase, the plan is at risk, depending on the number and costs of claims for the year. Other factors also increase costs, such as the number of enrollments, number of new employees, plan and tier elections. In 2012, actual revenues were \$48,518,479.10, but expenditures were \$52,367,177.36 causing a \$3,848,698.26 deficit in funding claims in 2012. Historically, the County has done well in funding claims, but you will have years where there are large claims that impact the fund.

Going forward, it is important to set the future rates; in addition to the 1% contribution rate that was not passed in 2012, there are Health Care Reform requirements for 2014. The pre-ex no longer applies for everyone, dependents can stay on the plan up to age 26, auto enrollment is mandatory during open enrollment (employees must log on and either enroll or decline medical coverage) , and part time/seasonal employees may be eligible for benefits based on hours worked. The last Deloitte study indicated that part time/seasonal employees could add a cost of \$279,000 for medical benefits. There is also a Research Fee the County must pay next year that will cost \$1 per member per year; we have over 12,000 people on our plan currently. In addition, there is a transitional reinsurance fee paid to the government that will cost anywhere from \$63 to \$90 per member per year. This will cost the County anywhere from \$600,000 to 1.1 million next year. The combined impact to our plan based on our experience, Deloitte estimates, will cost about 2 million dollars due to Health Care Reform in 2014. There will be difficult decisions ahead; Cowan Benefits and Cigna will work closely with Mrs. Stinson to ensure all costs for Health Care Reform are included inside the set premiums. They will review plan design, how to structure tiers inside the plan, and look at including extra premium for spouses.

The workers comp fund (266) YTD was \$431,374.83 in December, compared to \$358,269.43 prior year; a 20% increase. There are still about 19 open claims, some will remain indefinitely.

WC/OJI STATS:

Dan Goode, Safety Coordinator, presented the OSHA reports for December. There were 12 accidents requiring medical attention, making the YTD 208. Of those, there were 151 recordable, 70 with restricted days, and 25 had lost time days. In the year 2010, there were 210 claims, 2011 had 237 claims, and 2012 had 208 claims. For December, the Board of Education had 7 claims incurring \$5,950.00, County General had 4 claims incurring \$5,350.00, and the Highway Department had 1 claim incurring \$950.00. The year to date total incurred for 2012 was \$541,801.45. The total incurred for the Board of Education was \$302,415.72 with 124 claims, the County General had \$223,337.63 with 80 claims, and the Highway Dept. had a total of 4 claims incurring \$16,047.10. Mr. Goode included a copy of OSHA's Form 300A, a summary of work-related injuries and illnesses for 2012 that will be posted in all County buildings.

WELLNESS UPDATE:

Kelli Perrien, Wellness Coordinator, reviewed events in December. Wellness on Wheels went to the BOE Maintenance Dept. for screenings and Derma scans, with 38% participating. Those with abnormal levels were advised to follow up at Med Point for further evaluation. The wellness coach had 11 active cases with a 45% return rate for individual coaching. Upcoming activities include HRA Biometric Drive February 5 – March 28; participants will be included in a drawing for an I Pad 2. Other upcoming activities include weight loss, free foot screenings, Lifeservices webinar, and CPR certification classes. All activities can be found on the Risk Management Wellness webpage and in Wellness newsletter sent through James Evans.

Mrs. Perrien and Lori Cook, Wellness Specialist, are scheduling more visits with schools and are planning to visit each department. They visited the County General departments this past summer. Mrs. Stinson stated that the Wellness on Wheels program has been well received by employees.

LIFE & AD&D BID:

The County is in the process of finalizing the bid for property & casualty, to be released in March. Ms. Stinson asked for approval to bid out the life and AD&D policy effective July 1st.

A motion was made by Commissioner Ealy to allow Ms. Stinson to bid out the life & AD&D policy. The motion was seconded by Regina Harvey and Susan Boney; the motion passed unanimously.

CIGNA ANNUAL REPORT:

Paul Huffman, Cigna Client Manager, reviewed the medical, pharmacy, and dental experience report for the current year, 07/01/2011 – 06/30/2012. This report reviews utilization and claim experience with Cigna only, not the Med Point Clinics. There was an increase in the number of employees and members covered from prior year. Mr. Huffman noted that there are almost as many dependents as employees, and that spouses incur almost the same amount of costs as employees. The submitted charges for the current year were close to 95 million dollars. Cigna reviews the submitted charges and finds duplicates, removes their discount, applies deductibles, co-insurance, and co-pays, and also coordinates with other carriers if there is other coverage. The payment left (paid by the County) was \$32,460,820, a 9% increase over the prior year. Part of the increase is due to an increase in the number of people covered.

A review of the breakdown in costs shows a 4.5% trend in medical costs year over year. If large catastrophic claims (individuals with claims over \$100,000) are removed from this, the actual trend is 8.4% year over year. This is normal, the average is 8-9% due to medical inflation, and Cigna builds 8-9% into rates for the next year. The ER usage was averaged on 1000 members; there was a 12.6% increase in usage. Mr. Huffman stated that the ER was the most expensive venue to utilize, and that Cigna is working with the County to educate employees about other options available for non emergency situations. Ms. Stinson added that the County has an ER co-pay built into the new co-pay plan of \$150. In the last open enrollment, 1,022 employees moved to the co-pay plan, 2,329 to the deductible plan, and 1,188 elected the HRA plan. Cigna determined that 35% of ER visits are steerable to other treatment facilities such as the clinics or urgent care facilities.

Large claims (over \$100,000) can drive cost up. In the past 2 years, there has been a reduction in the number of large claims. Catastrophic claimants decreased 49.2% contributing -8.7% of the overall -1.8% trend. Catastrophic claimants per thousand decreased 23.2%, and were 45.7% below the norm. Average cost per claimant decreased 35.8%, putting it 33.8% below the norm. For the pharmacy benefit for the current year Cigna processed \$21,510,998; the negotiated discount savings through pharmacies and manufacturers was \$9,776,016, the generic dispense rate improvement savings was \$983,681, the clinical program savings was \$254,204, and the ingredient cost PMPM trend is 4.1%. Specialty ingredient cost (drugs that typically cost \$500 or more per script) was 25.9%. These meds are typically bio-meds or injectables that people really need and are life sustaining. The physician contract savings (thru pharmacies and physicians) was \$574,000. Scripts decreased from 14.5 PMPY to 14.0 PMPY, and compares to a norm of 12.4 PMPY. Earlier, the Committee had voted to add narcotic review and preventative generics at a zero cost to employees (effective 01/01/2012) which resulted in savings to the plan and higher utilization of generics. The generic prescription utilization rate increased from 72.2% to 75.8% (norm is 75.3%). Based on the difference between Brand and Generic costs per prescription the savings are \$983,681. Preventive generics that have zero co-pay for employees are reflected for 6 months in this report. As a rule of thumb, for every 1% of generic spend, you realize a savings of 1% of pharmacy cost. The ingredient cost PMPM is about 4.1% higher than last year. Several brand name drugs are coming off of patent in 2013 and 2014, resulting in it going generic. Cigna reaches out to members by letter to let them know of this change.

A brief overview of the dental plan shows total charges of \$3,864,872, a -3.4% trend. The employer paid amount showed a -2.0% decrease over prior period. Net effective discount increased from 21.5% to 22.4%, and compares to a norm of 16.8%. Network utilization increased from 76.0% to 76.1%, and compares to a norm of 50.1%. The number of unique members receiving a cleaning increased from 59.8% to 60.7%, and compares to a norm of 58.9%.

DENTAL BENEFITS:

Mrs. Stinson asked the Committee to review for consideration current coverage for dental fillings. Presently, the plan covers silver fillings on posterior teeth. The issue is that most dentist have moved away from silver fillings and utilize composite fillings instead. She recommended revising the dental plan to allow composite fillings on posterior teeth, retro back to January 1, 2013. The cost to the plan would be around \$42,000 per year.

A motion was made by Elizabeth Crace to allow this change to the dental plan effective 01/01/2013. The motion was seconded by Merry Hickerson and passed unanimously.

OTHER BUSINESS:

The Committee was updated on the status of dependent verification for 2013 benefits. Ms. Stinson stated that department heads were given the names of their employees who needed to furnish Risk Management with this information.

Utilizing retail clinics at Walgreens is being finalized; materials are being printed and will be distributed closer to the end of February. Once the green light is given, employees will receive information regarding the added clinics.

The meeting was adjourned at 1:50 p.m.

Ernest Burgess, Chairman
Rutherford County Benefits & Insurance Committee